

THE CORPORATION: WHAT IS IT?

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[T]he church rejected the Roman view that apart from public corporations (the public treasury, the cities, churches) only collegia recognized as corporations by the imperial authority were to have the privileges and liberties of corporations. In contrast, under canon law any group of persons which had the requisite structure and purpose—for example, an almshouse or a hospital or a body of students, as well as a bishopric or, indeed, the Church Universal—constituted a corporation, without special permission of a higher authority.¹

~Harold Berman, *Law and Revolution*

To assume that external conditions alone determine man's spiritual and moral make-up, and thereby his whole personality, is to concede one of the major aspects of the cultural crisis, namely, the dissolution of our traditional Christian and humanistic conception of man in a sort of historical relativism which defines man in terms of evolutionary stages, morphological types, and cultural cycles. The essential symptom of our cultural crisis is precisely that we are losing the inner certainty which the Christian and humanistic belief in the unity of civilization and man gave us.²

~Wilhelm Röpke, *A Humane Economy*

The desires of man increase with his acquisitions; every step which he advances brings something within his view, which he did not see before, and which, as soon as he sees it, he begins to want. Where necessity ends curiosity begins, and no sooner are we supplied with

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1. HAROLD J. BERMAN, *LAW AND REVOLUTION: THE FORMATION OF THE WESTERN LEGAL TRADITION* 219 (1983).

2. WILHELM RÖPKE, *A HUMANE ECONOMY: THE SOCIAL FRAMEWORK OF THE FREE MARKET* 13 (3d ed., I.S.I. Books 1998) (1960).

every thing that nature can demand, than we sit down to contrive artificial appetites.³

~Samuel Johnson, *The Idler*

I.

While not denying or lessening the relative autonomy of the social sciences themselves, behind what is called the “Social Doctrine of the Catholic Church” can be found certain philosophical and theological principles that are more than empirical or historical accounts of what has or does happen in public or economic life. These principles serve to put in context a distinct understanding of human economic and political organizations, what they are for, indeed, what they *are*. That is, what kind of status in existence do states, companies, corporations, and such similar organizations have? What are they when they do what they are designed to do? By understanding this location in being, by understanding what they are and what they are capable of doing, we are in a better position to judge accurately the purpose and effect of corporations in our lives, together with their limits, dangers, and contributions.

Pope John Paul II, in one of his last books, *Memory and Identity*, wrote an insightful comment on the meaning of the word “nation” that can aid us in understanding a corporation as well as a nation. He wrote:

The term “nation” designates a community based in a given territory and distinguished from other nations by its culture. Catholic social doctrine holds that the family and the nation are both natural societies, not the product of mere convention. Therefore, in human history they cannot be replaced by anything else. For example, the nation cannot be replaced by the State, even though the nation tends naturally to establish itself as a State, as we see from the history of individual European nations including Poland.⁴

These distinctions between nation, state, society, and community recall the discussion of these terms found classically in Maritain’s

3. SAMUEL JOHNSON, *THE IDLER* (1758), *reprinted in* SELECTED ESSAYS 405, 427 (David Womersley ed., 2003).

4. POPE JOHN PAUL II, *MEMORY AND IDENTITY: CONVERSATIONS AT THE DAWN OF A MILLENNIUM* 69-70 (2005).

Man and the State, where he went into their meanings in some detail.⁵ But neither state nor nation, neither community nor society are “persons.” The reality of the former associations depends directly on the reality of the latter, of the person. Neither state nor nation, nor those institutions such as the corporation that are “products of convention,” form themselves into some sort of transcendent “being” that absorbs into itself the person and his own ultimate ends. Already here, we sense that nations, states, corporations, or institutions, whether naturally or voluntarily formed, depend for their being on the status of the human persons who compose them. They are called “societies,” that is, relations existing among various kinds of persons.⁶ A “society,” in the formal sense, indicates how a given group of persons “stand” in relation to each other for the achievement through action of some general or specific purpose. In this sense, while “natural societies” such as the family or the nation may be more fundamental, the fact is that the formation of so-called “accidental” or “artificial” societies to accomplish a myriad of purposes is itself perfectly normal. They indicate human flourishing and glory, a realization that human beings can actually accomplish things more easily and efficiently by working and even understanding together. A corporation is a society in this sense.

A basic presupposition to this understanding of states, nations, and corporations is Aristotle’s famous dictum that “man is by nature a political animal,”⁷ or, as Aquinas put it, “a political and social animal.”⁸ Our world is full of corporate entities other than the state, but not wholly unlike it in form or being. This seemingly obvious observation, however, is rich both in insight and controversy. Economic corporations no doubt have not a few disorders to account for, but they are often accused of things as if they themselves were simply equivalent to human persons. The real responsibility for both the good that corporations do and any evil that comes from them lies in the souls of the men who organize and compose them.

Men do not act and things are not accomplished, moreover, primarily by individuals functioning separately by themselves and

5. JACQUES MARITAIN, *MAN AND THE STATE* 1-19 (1951).

6. See ARISTOTLE, *POLITICS*, reprinted in *THE BASIC WORKS OF ARISTOTLE* 1127, 1127-29 (Richard McKeon ed., Benjamin Jowett trans., Random House 1941).

7. *Id.* at 1129.

8. THOMAS AQUINAS, *SUMMA THEOLOGIAE*, Part I-II, Question 72, Article 4 (Fathers of the English Dominican Province, trans., 1981) (1911).

alone. Nonetheless, all initiative and its character are ultimately from within a definite human person, from active intellects and wills, things found only in the individual human person who always bears a name. The Aristotelian social principle does initially suggest that, for the most part, however, man will accomplish the largest part of his human purposes, even the highest in the pursuit of truth, good, and beauty, through this “social” aspect of his being.⁹ He is a political and social animal by his very nature. This dictum means that he will do what he does in the company of and with the help of others in some basically ordered or cooperative—sometimes coerced—endeavor in which not everyone does the same thing. Indeed, following Christ’s admonition that all rule among us is to be also a “service,”¹⁰ we might argue that, in many ways, things are more delightfully and better accomplished when they are pursued with others. Things are produced, ideas are put into effect, in this cooperative way that could not be accomplished by an individual acting alone.

Chief among the controversies occasioned by the capacity of such organizations and corporations effectively to accomplish certain defined and needed purposes is the status of the individual person who is “by nature a social and political animal.” Is man “for” the state/corporation, or is the state/corporation “for” man? That is to say, what is the purpose of man, both ultimately and in this world? How is this purpose to be achieved? If its achievement includes cooperation with others, how are human beings to be organized or ordered for this purpose? Is the end that each person seeks to achieve even within organizations, as we often hear in modern thought, his own “private” good?¹¹ Is human meaning, presupposed to nothing, whatever man defines and creates for himself out of his own mind? Does he fully accomplish this purpose within the realms of time, even though his institutions may themselves pass away?

Or does man seek a “common good” that, while not opposed to his own individual and transcendent good, includes, in its very achievement, the good of others and, in so doing, his own good as well? The theory of “common good” does not eliminate the reality of a private or individual good, but rather enhances it to suggest how it

9. See ARISTOTLE, *supra* note 6, at 1127.

10. See Luke 22:26.

11. See, e.g., George Anastaplo, *Individualism, Professional Ethics, and the Sense of Community*, 28 LOY. U. CHI. L.J. 285, 292-93 (1996); John J. Coughlin, *Natural Law, Marriage, and the Thought of Karol Wojtyła*, 28 FORDHAM URB. L.J. 1771, 1780-82 (2001).

is best accomplished. An individual's good is not possible without being also, at the same time, related to the good of others. Mortimer Adler made this point with some clarity:

There are two common goods, but in different senses of that word. In Latin they are called *bonum commune hominis* [the common good of man] and *bonum commune communitatis* [the common good of the community].

The first of these is identical in meaning with happiness. It is common in the sense that it is the same in essence among all human beings. . . .

The other, the *bonum commune communitatis*, or the good of the social community, is a means, not an end. It is common in the sense that all individuals, in their pursuit of happiness, must employ it as a means to that end.¹²

Discussions of corporations fall under this second notion of common good.

Corporations are means to ends higher than themselves. But the ends that they do serve immediately are worthy and useful instruments of human action. Corporations are sophisticated organizations whose usefulness to man represents an entrepreneurial innovation of the greatest moment and genius. Much that is worthwhile could not be accomplished without them. Political societies that lack them or have not learned how they are well-formed and used have not been able to accomplish all that is needed and valuable in a polity for the good of the citizenry.

This understanding of the common good of the community does not imply that happiness or the common good of man is not itself to be achieved "with" others, even though in the end if such happiness is not actually ours as unique persons, it is not worth having. But it does mean that the human being is not isolated in himself or absorbed into some higher "being" in which he is a mere "part" so that he loses his individual identity and destiny. This latter eventuality is a result

12. MORTIMER J. ADLER, *ADLER'S PHILOSOPHICAL DICTIONARY* 67-68 (1996). "Human communities are the highest attainments of nature, for they are virtually unlimited with regard to diversity of perfections, and virtually immortal. Beyond the satisfaction of individual needs the association of men serves a good unique in plenitude and duration, the common good of the human community." YVES R. SIMON, *A GENERAL THEORY OF AUTHORITY* 29 (1962).

that much modern theory has not always avoided.¹³ The denial of a basis for unique personal existence and purpose results in undermining the grounds on which this dignity stands and which protects the person in his own being.

Spiritual goods, in fact, can be genuinely possessed by others without in the least diminishing our own personal enjoyment or possession of them. Indeed, this aspect of a common good is essential in its very desirability. A physical good—food, for instance—must ultimately be consumed by me, not someone else. If it is simply preserved and not used for food, it can hardly be said to be a good at all for the person who needs food. But a common truth, say, two and two are four, is, when I understand it, both mine and another's truth that becomes a good enabling us both to know and act on its certain truth. The notion of a good that is itself a relation to others is, to recall, likewise the theological basis of the doctrine of the Trinity.¹⁴ This doctrine, as well as Aristotle's dictum of man as a political animal,¹⁵ serves in social theory, when reflected on, to remind us that human perfection is not achieved in isolation without others, but precisely it is a reality with others. In the Trinity, the very "relation" is itself a person.¹⁶ The Trinitarian teaching also reminds us that our end is not solely political, or economic, or legal but it is with others, even divine others.

II.

Beginning at least with the second book of Plato's *Republic*, we have been aware of the principle of specialization.¹⁷ Each is to do, even for the common good itself, which would not be possible without it, that which he is most skilled in doing. That is, if everyone were required to feed, clothe, and otherwise provide for himself and his family in every material and spiritual detail, with the sole use of his own means and enterprise, the world would be a very

13. See, e.g., Michael D. Rivard, Comment, *Toward a General Theory of Constitutional Personhood: A Theory of Constitutional Personhood for Transgenic Humanoid Species*, 39 UCLA L. REV. 1425, 1458-63 (1992).

14. See CATECHISM OF THE CATHOLIC CHURCH ¶¶ 253-255 (2d ed. 1997).

15. ARISTOTLE, *supra* note 6, at 1129.

16. CATECHISM OF THE CATHOLIC CHURCH, *supra* note 14, ¶¶ 249-255.

17. PLATO, THE REPUBLIC OF PLATO 46-47 (Allan Bloom ed. & trans., 2d ed. 1991) (n.d.).

parsimonious place. Few in this case would be properly, let alone well, provided for.

So the fact of our being political and social beings is not merely an indifferent matter even to our physical well-being. If everyone had to do everything, each person would spend all of his time merely surviving; whereas, as Aristotle implies, we are intended not merely to be or to survive, but to live “well” or completely.¹⁸ None of the nobler purposes could be accomplished without this division of function, labor, and goal, as there would be no time or opportunity to engage in them, no leisure or genuine free time.¹⁹ Life would be “nasty, brutish, and short” for reasons other than those famously elucidated by Hobbes.²⁰

However, beginning with, say, something like the experience of gathering a harvest or manning a ship, it became clear early on that many more and better things could be accomplished if there was some division of labor in which not everyone did everything. This realization, of course, became more obvious during, say, the Industrial Revolution and its consequences, but it was not a new invention even then.²¹ It occasioned the questions of cooperation and of the exchange market, or the proper distribution of what is produced by the division of labor. Corporations played large roles in both the manufacture and distribution of what is produced, though not only here. Clearly, ordered cooperation for purposes both of the production and distribution of goods, as well as things of culture, was the source of a great and common good.

Likewise, the reward for this cooperation in the making and distribution of things was usually effected in terms of wages, salary, or profit. Indeed, profit, in its essence, was the reward for the creation of new wealth or its continuation. Profit has a title and in essence is not something merely arbitrary or exploitative. By this economic mechanism, through profit, or wages for services actually rendered, the specialists could in turn receive back through purchase what they themselves needed from other producers. The pool of available

18. ARISTOTLE, *supra* note 6, at 1139-40.

19. See generally JOSEF PIEPER, *LEISURE: THE BASIS OF CULTURE* (Alexander Dru trans., Liberty Fund 1999) (1952); JAMES V. SCHALL, *ON THE UNSERIOUSNESS OF HUMAN AFFAIRS* (2001); JAMES V. SCHALL, *RELIGION, WEALTH AND POVERTY* 117-22 (1990) [hereinafter SCHALL, *RELIGION, WEALTH AND POVERTY*].

20. THOMAS HOBBS, *LEVIATHAN* 96-97 (Oxford Univ. Press 1909) (1651).

21. See ARISTOTLE, *supra* note 6, at 1183.

resources thus was larger. Needs and wealth were not simply vague desires, but goals or objectives that actually could be fulfilled and brought about with the proper energy, discipline, and insight.

But the principle of specialization also opened our eyes to the realization that the world is, in fact, an abundant place. It was designed for man and his purposes, which were not merely staying alive or continued existence down the ages, however much this initial basis was a necessary first step. Human existence, as Aristotle put it, was not merely for living, for staying alive, but for “living well,” for the noble life and for the highest things.²² The full riches of the earth are only realized when man works on it, develops it, and makes it flourish in a way that cannot happen without his brain or effort.²³ And prior to the initial physical “work” to accomplish such results stands a right understanding of man himself, especially the realization that he is not a god—himself creating the distinctions of good and evil—but a creature receiving and expected to live up to the import of this distinction.

Human institutions—the corporation itself is an “invention,” the result of idea and experience—are functions of our understanding of the relation of man, God, and cosmos worked out in an ever more specific and concrete manner. Contrary to extremes of ecological theory,²⁴ the world is not better off when it is left untouched by the human hand and genius. Granted that man can abuse the world and its riches, usually in terms of his own self-interest, generally by abusing himself, still the world is not a better place if it does not serve human needs. To make man a function of the earth’s priority is a very serious aberration. This principle of the relation of man to the earth was surely the import of the admonition in *Genesis* for man to go forth, increase and multiply, and have dominion over the earth.²⁵

This is how Aristotle himself put this principle of specialization in political terms so that we can see how the diversity of occupation and purpose provides the possibility of a greater good:

22. *Id.* at 1139-40.

23. See generally JAMES V. SCHALL, HUMAN DIGNITY & HUMAN NUMBERS (1971) (examining human population control in reference to human dignity); SCHALL, RELIGION, WEALTH AND POVERTY, *supra* note 19.

24. See William Norman Grigg, *Environment: People and Predation*, THE NEW AMERICAN, Jan. 29, 2001.

25. *Genesis* 1:28.

For a state is not a mere aggregate of persons, but a union of them sufficing for the purposes of life; and if any of these things be wanting, it is as we maintain impossible that the community can be absolutely self-sufficing. A state then should be framed with a view to the fulfilment of these functions. There must be husbandmen to procure food, and artisans, and a warlike and a wealthy class, and priests, and judges to decide what is necessary and expedient.²⁶

Though we may have, in recent eras, a larger and more complex society, Aristotle's principles still remain valid. We are not just an aggregate of disparate individual persons, but we are joined together for the purposes of life, indeed, for the good life, something that requires specialization and cooperation of its very nature.

III.

The briefest statement of the thesis that I wish to pursue here, a thesis of immense importance for the legal and political life of any country, is that neither General Motors, nor the City of Detroit, nor Toyota, nor the Department of Labor, nor the United Nations, however important, can save its soul. The most obvious reason for this inability is that, metaphysically, such legal entities do not have "souls" to save. They are not "things," particularly not rational beings with their own autonomy, with their own independent mind and will enabling them to know and act. Their status in being is not the same as that of persons. They are not, of course, as is sometimes also thought, simply nothing. We can and even do call them "legal" or "artificial" persons provided that we understand clearly that they are not substantially human persons.²⁷

In his Homily at the Mass for the Election of a Pope, Josef Cardinal Ratzinger made the following observation that brings out this same point in another manner:

All people desire to leave a lasting mark. But what endures? Money does not. Even buildings do not, nor books. After a certain time, longer or shorter, all these things disappear. The only thing

26. ARISTOTLE, *supra* note 6, at 1288 (footnote omitted).

27. See Rivard, *supra* note 13, at 1455-56. Rivard does not seem to clearly understand that corporations lack human personhood. *Id.* at 1461.

that lasts for ever is the human soul, the human person created by God for eternity.²⁸

This passage serves to put in context the relation of priority that exists between human institutions and that ontological reality of the human person that bears them while they exist. And the human person himself must be understood over against the fact that he himself does die, and knows that he does die, so that his transcendence is dependent on what he and his soul are.

In principle, moreover, unlike a human person's fourscore years and ten, nothing is to prevent a corporation from lasting several hundred years, like some German beer companies, or even political societies and parties. The corporation remains while individual members who ground its reality come into and pass out of its orbit. However, few corporations, as corporate legal entities, any more than continuously organized nation-states, last more than a few decades or centuries, if that long. Pan-American Airways has gone the way of the Studebaker automobile or the Wabash Cannonball passenger train. The United States, which is by no means ancient, is today one of the oldest ongoing political bodies in the world in terms of relatively unchanged legal structure without experiencing radical revolutionary internal or external change.

Legal or corporate entities like human persons in this world, do in fact come into and go out of existence in some finite fashion. Even though they are "intended" to last forever in principle, few corporations actually do. Their continued existence depends on something other than themselves. But human persons, though they die, are intended, because of what they are, to last forever. This gives them priority of purpose and defines the relative purpose of human organizations in relation to their personal purposes. In this sense, the "artificial" needs or institutions, to which Samuel Johnson referred, are consequent on what human beings are.²⁹ This is why the classic proofs for the immortality of the soul, for instance, are of vital importance to understanding both economic and political life.³⁰

28. Josef Cardinal Ratzinger, Homily by the Cardinal Who Became Pope (Apr. 18, 2005), in *L'OSSERVATORE ROMANO* (English Edition), Apr. 20, 2005, at 3.

29. See *supra* note 3 and accompanying text.

30. See generally JAMES V. SCHALL, *REASON, REVELATION, AND THE FOUNDATIONS OF POLITICAL PHILOSOPHY* (1987) (dealing with the relation of political and economic life in

This caution about the limited nature of corporations was Wilhelm Röpke's point about erroneously defining man by stage, type, or cycle, as if he did not himself exist as his own being.³¹ No human person, as it sometimes appears in the social sciences, is merely a stage of growth, a cycle of history, or a type of character, or some combination of all three. When we have said all we can about him on these scores, he is still something more, something beyond abstract intellectual classifications. The inner certainty we have of ourselves as self-reflective, rational beings, is that we exist as unique persons, each with his own particular history, and his own transcendent destiny, and his own "memory and identity," to use John Paul II's words.³² This independence or autonomy is the final locus of responsibility and accountability for things that proceed from human thought and action.

To be sure, corporations may have a kind of "*esprit de corps*," which sometimes makes it seem that they have their own independent "souls" or "spirit." Like corporations such as colleges and universities, they may even have fight songs, logos, and annual banquets. They can even be sued for damages stemming from their corporate decisions and activities. They are not "nothing," but they are not sources of their own activities. They depend always on activities of individual human persons pursuing their own purposes within their framework for some end.³³ The human persons within them are not exhausted by these institutions such that they have no further purpose beyond them.

IV.

In recent years, few are unaware that huge sums of money have been paid through legal court judgments by various dioceses and religious orders of the Catholic Church because of abuses of children on the part of a small number of members of these organizations.³⁴

"existing states to transcendent questions" such as "final happiness, the immortality of the soul, friendship, and the contemplative life").

31. See *supra* note 2 and accompanying text.

32. POPE JOHN PAUL II, *supra* note 4.

33. See JAMES V. SCHALL, *THE POLITICS OF HEAVEN & HELL: CHRISTIAN THEMES FROM CLASSICAL, MEDIEVAL AND MODERN POLITICAL PHILOSOPHY* 235-48 (1984).

34. See, for example, *Committee of Tort Litigants v. Catholic Diocese of Spokane (In re Catholic Bishop of Spokane)*, 329 B.R. 304 (Bankr. E.D. Wash. 2005), as one example of litigation arising out of the child sex abuse scandal in the church.

Here, I am not concerned with the facts or the tragedy that these judgments imply for everyone concerned. I am rather concerned to make the point about what a corporation is, using the corporate mechanism that justified the possibility of these large suits. The Catholic dioceses, to use them as examples, are as Berman notes “legal corporations,”³⁵ both in Canon and civil law, for the purposes of public standing in which they carry out their stated aims. Thus, the crime of but one member of the diocesan “corporation,” because of its division of labor, can implicate all members if corporate leadership can be shown to be implicated in the crime or negligent in preventing it. The assets of the whole diocese are drawn to pay for these abuses,³⁶ almost as if there is a kind of “corporate guilt,” something that has no metaphysical standing. All guilt is personal, not corporate. Not a few dioceses have had to declare bankruptcy.³⁷

Why, we might ask, is not the individual who is responsible for the acts in the first place, not everyone in the diocese, the one who pays? The answer is that the corporation, headed by a bishop or priest, is in law held responsible for failing to do anything to stop these abuses. The same thing would happen in a business or educational corporation if an employee were carrying out criminal orders in the pursuit of corporation policy or if he were moved around committing the same crime. But if a priest or an executive, for instance, were, on his own, convicted of the crime of, say, murder, the corporation that employs him would not be responsible if it were not directly involved in the incident. In the current ecclesiastical cases, everyone was held responsible, at least in financial terms, for the crimes of one or a few. Thus, there was a kind of “corporate guilt” that enmeshed the whole of the diocesan corporation in the abuse, even though most members were not personally responsible and abhorred the abuse.

35. See *supra* note 1 and accompanying text.

36. See *Bishop of Spokane*, 329 B.R. at 333, a recent decision in the federal bankruptcy court of the Eastern District of Washington, wherein the district court applied civil rather than canon law to hold that a parish’s assets are a part of the Diocese’s and thus were within the reach of the creditors of the Diocese under bankruptcy law and could be sold to satisfy judgments against it in sex abuse cases.

37. For example, the Catholic Dioceses of Portland, Oregon; Spokane, Washington; and Tucson, Arizona have all filed for Chapter 11 Bankruptcy within the last few years. Janet I. Tu & Jonathon Martin, *Spokane Churches Can Be Sold to Pay Debt, Judge Rules*, THE SEATTLE TIMES, Aug. 27, 2005, at A1.

V.

How do we go about thinking of these things? In his *Categories*, Aristotle distinguished between substance and accidents. "Substance, in the truest and primary and most definite sense of the word," Aristotle tells us, "is that which is neither predicable of a subject nor present in a subject; for instance, the individual man or horse. But in a secondary sense those things are called substances within which, as species, the primary substances are included; also those which, as genera, include the species."³⁸ In this at first glance obscure passage, we have already a primary glimpse into the meaning and nature of a legal corporation. A corporation is not a "substance," as a man or a horse is a substance, let alone Socrates or Man of War. Rather, it is a "legal person." It is a creature of law, civil or canon. And in certain defined ways, it acts as if it were a person. It has what is called "limited" liability.

The purpose of these legal entities we call corporations is to create an organization capable of pursuing certain, usually economic, and other purposes in cooperation with the members of the corporation, which is so organized to achieve its defined purpose which everyone can understand through its statement of itself. The corporation is technically owned by its shareholders, the terms of its ownership are defined by law and contract. The executives and employees hired to operate the corporation thus are not directly working for themselves, that is, for their own private interests, but for the purposes of the corporation. They are remunerated according to their contribution, presumably according to some agreed-upon scale based on their contribution. The individual lives and families of the employees are not directly the business of the corporation. This distinction between the purpose of individual lives and the limited purpose of corporations is what enables the latter to exist within the confines of its own purpose. It also allows the private wealth of the executives and employees to stand outside the fate of the success or failure of the corporation.

In Aristotelian terms, the "being" of the corporation, what it is, is not substance but the accident of "relation," one of the ten accidents. It explains reality insofar as one thing stands related to another

38. ARISTOTLE, *CATEGORIES*, (E.M. Edghill trans.), in *THE BASIC WORKS OF ARISTOTLE*, *supra* note 6, at 7, 9.

through action. “Those things are called relative,” Aristotle tells us, “which, being either said to be *of* something else or *related to* something else, are explained by reference to that other thing.”³⁹ A relation refers to something in so far as it has activities and rules of acting that guide it to this rather than that end—say, to make cars rather than run football teams. In this sense, the “being” of a corporation will refer to the organized way it accomplishes its purpose among human beings who bear its reality and are responsible for its procedures.

Corporations, thus, do not have “souls.” Rather, they indicate the way certain human beings stand to one another by acting in a certain defined way for a certain defined purpose. This purpose is what should constrain them to act in this or that way. And individual persons can and do choose not to be guided by this purpose for which they can be held legally or economically accountable. The corporations are not nothing, however. They are humanly organized. They have recognized ways of accomplishing some human purpose through cooperation with others in some hierarchical division of labor designed to achieve this purpose through interrelated actions. The corporation, in this sense, is a useful thing, designed to accomplish something that otherwise could not be nearly so well carried out, if at all.

The corporation, then, is primarily a human invention—despite the fact that it did not always exist and even today many people do not clearly know what it is or how it operates. Hence, many people, and even states, lack certain capacities to achieve certain worthy (or unworthy) human goods. One might argue that the problem with communism was, in part, precisely that it did not understand what the corporation was. Yet, we cannot but be aware that, by the principle of specialization, the world is full of things that could not exist, or exist nearly so well, without this instrument, this relationship, we call a corporation. By its instrumentality, certain things are accomplished precisely because of this peculiar inter-corporate relationship. Indeed, we might say that, in many significant ways, it is possible for mankind to meet his material and spiritual needs only through cooperative organization, which we call a corporation. So what a corporation is, is not a neutral question. But the corporation is an artificial, not real, “person.” That is, it does not

39. *Id.* at 17.

possess some sort of being superior to that of the human persons who constitute it and who, themselves, have lives and ends that transcend the immediate purposes of the corporation. The corporation, however useful, like the state, itself a kind of corporation, is for man.

VI.

In his famous critique of both capitalism and socialism, entitled *The Servile State*, the English Catholic writer Hilaire Belloc wrote, "Spiritual conflict is more fruitful of instability in the state than conflict of any other kind, and there is acute spiritual conflict, conflict in every man's conscience and ill-ease throughout the commonwealth when the realities of society are divorced from the moral base of its institutions."⁴⁰ No doubt in the history of politics and economics we can find this "divorce" between institutions and their "moral base." In these remarks, I am more concerned with metaphysics than morals. Errors in morality, however, are most often rooted in errors in metaphysics. Knowing what things are is no neutral task.

In the recently published *Compendium of the Social Doctrine of the Church*, we see repeated the distinction between "being" and "having" that John Paul II so often referred to:

The phenomenon of consumerism maintains a persistent orientation towards "having" rather than "being." This confuses the "criteria for correctly distinguishing new and higher forms of satisfying human needs from artificial new needs which hinder the formation of a mature personality." To counteract this phenomenon it is necessary to create "life-styles in which the quest for truth, beauty, goodness and communion with others for the sake of common growth are the factors which determine consumer choices, savings and investments."⁴¹

If we speak of the "being" of a thing as opposed to its capacity to "have" something, we are obviously asking what kind of a being is it, a metaphysical question. In classical philosophy, *actio sequitur esse*, that is, "the action of a being," is itself conditioned on *what it is*.

40. HILAIRE BELLOC, *THE SERVILE STATE* 112 (Liberty Classics 1977) (1913).

41. PONTIFICAL COUNCIL FOR JUSTICE AND PEACE, *COMPENDIUM OF THE SOCIAL DOCTRINE OF THE CHURCH* ¶ 360 (2004) (footnotes omitted) (quoting Pope John Paul II, *Centesimus Annus*, [Encyclical Letter on the Hundredth Anniversary of Rerum Nevarum] ¶ 36 (St. Paul ed. 1991)).

The word “consumerism” in the above passage is perhaps unfortunate. All living beings, including human beings, “consume” things simply to remain what they are. This consumption is the basis of the realization that things in creation exist for the kinds of beings they are, even by being themselves. We have here put stress on the interrelatedness of things. The notion of “excessive” use of things is implicit in the use of the phrase “consumerism.” The whole structure of Aristotle in his moral treatises is to point out that there is a mean between too much and too little, that finding the medium is one of the principal tasks of human self-control or self-rule. The very fact that we can introduce priorities into our use of things that deviate from what is best for us is part of the very free structure of what it is to be a human being.

In order for human beings to choose and “consume” correctly, they first have to know what they are. They have an ontological dignity that is usually called “the human person,” that is, the human being is that being in the universe with, as Aristotle said, “mind and hand.” How he uses the things that a human being must have to be what he is depends in part on his own intellectual formation about understanding his own status. Thus, when we talk of savings, consumption, and investment, in the above passage, we see that such common commercial or economic activities are themselves related to something beyond themselves and for which they exist. The “quest” for beauty, truth, goodness, communion with others for common growth, is thus an implicit realization that man’s whole being is ordered to such ends. Here we are speaking of the person who alone will know what beauty, truth, goodness, and common good mean.

When we know what beauty, truth, goodness, and common good might mean, we still may not have the various means of developing things that correspond to these goals. We may know what beauty is without being able to produce beautiful things. On the other hand, we may be confronted with beautiful things and never recognize them, not because they are not beautiful, but because we have not developed ourselves to recognize them. What I am driving at here, then, is the need always to keep in mind this metaphysical priority of “being” over “having.” There is nothing wrong in principle with “having,” unless it is itself out of order. Indeed, it is an obligation and need of human beings to “have” things. If they do not “have” them, they need to figure out ways of securing them. So before we know

that things are out of order, we have to have some notion of order, of the relation of our actions and instruments to our being.

Beyond this understanding of order, we also need to know what is effective for our purposes, even when we define them correctly. In the Book of Ecclesiastes, in the famous passage about time—"a time to rend, a time to sew"—we also find the following lines that have some pertinence to the question of the purpose of corporations:

I have considered the task which God has appointed for men to be busied about. He has made everything appropriate to its time, and has put the timeless into their hearts, without men's ever discovering, from beginning to end, the work which God has done. I recognized that there is nothing better than to be glad and to do well during life. For every man, moreover, to eat and drink and enjoy the fruit of all his labor is a gift from God.⁴²

This passage, even though lodged amidst passages that remind us that all things pass away, suggests that the provision of what we are to eat and drink, of the things that we need to survive, is itself a good thing. Likewise, it is a good thing that we ourselves be in some sense responsible for bringing forth such goods.

A part of the glory of being human is that everything is not initially provided for us. We have to figure out how to do the things that are needed and worthy of doing. That we have to make this discovery is not a divine deficiency. At the same time, there is a sense that, even though we can accomplish the things that we need and that are advantageous to us, still the purpose of this present human life is not this life alone, however much we are tempted to think that it is. Nonetheless, the economic and political orders and their instruments are proper to man as flowing from his nature. It is good that he learn how to accomplish what he needs. In this sense, to recall the provision of the cup of water in the New Testament, the man who invented a sewer system or the one who learned how to make a pump to draw water may well show greater concern for mankind than the one who knows nothing but how to dip water out of a pond. The good stands in the light of the greater good.

If we look at such a reflection from an even broader perspective, it might be argued that the religious and moral exhortations about the responsibilities to the poor and needy can be fulfilled. It is not an

42. *Ecclesiastes* 3:10-13.

impossible task. That is to say, the reason the poor are poor is not primarily because the rich are rich. With the understanding of science, economics, and politics, we can well argue that we know how to enable the poor not to be poor, and this by their own talent and work that would, if properly devised, produce the riches whereby they are not poor. This accomplishment, of course, implies a proper understanding of corporations, governments, laws, taxation, profits, and other instruments that relate to our incentives to do what we need to do. Poverty on a large basis in the modern world is primarily a function of erroneous ideas about how to produce and distribute wealth and about forms of government and economies that would actually produce wealth. It is not a question of lack of resources. It is generally a failure to understand that wealth is not a collection of material things, but knowledge and mind applied to what things are and how they can be used for human purposes.

Does this notion, which goes against so much of what is often said to be the cause of poverty, say corporate greed or individual vice, deny that much poverty is caused by human error and sin? Not at all. No one denies that those who know how to use corporations can corrupt their purpose for their own interests. On the other hand, the well-being of people able to work out their own lives requires them to know how to do what they need to do and what institutions will best assist them in this enterprise. It is in this sense that the "being" of the corporation is important to understand.

In conclusion, the drama of ultimate human existence still takes place in the human soul, in what it chooses or refuses to choose. But learning how to do things is itself a moral responsibility. Those broad ends of human well-being and abundance can be achieved by a proper metaphysical understanding of what a corporation or government is. Those ideologies, be they liberal or socialist, that attribute the dire conditions of man to those very instruments whereby the problem can be met, are themselves the problem. The corporation is itself a useful human instrument. But it is not a person. Rather it serves the human persons who alone are its grounding in being. The purpose and destiny of the human person transcends the limited and instrumental character of the active relationship we call a corporation.